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business

Chipotle reluctantly in spotlight as immigration investigators increase their focus on employers

By **Steve Raabe**
The Denver Post

Posted: 05/08/2011 01:00:00 AM MDT

Chipotle Mexican Grill's finely honed image as a progressive restaurant operator is being overtaken by publicity from a major immigration investigation.

Denver-based Chipotle has been the subject of dozens of news reports nationwide since the company acknowledged earlier this year it is under criminal investigation by federal authorities.

The popular chain is one of the highest-profile targets in a new immigration enforcement strategy that focuses on employers instead of illegal workers.

Restaurants and service-industry companies find themselves wedged in an uncomfortable position of needing to fill high-turnover, low-wage jobs, yet facing increased scrutiny from regulators.

Some analysts say U.S. Immigration and Customs Enforcement may be pushing the investigation of well-known Chipotle — a nationwide chain with 1,084 restaurants — to send a loud and clear deterrent message to other businesses.

Officials of the agency known as ICE deny that they target specific companies for any reasons other than suspected violations of hiring rules.

Chipotle faces the prospect not only of millions of dollars in civil fines, but the possibility of criminal charges being filed against company officials for allegedly engaging in a pattern of knowingly employing undocumented workers.

"Their whole branding strategy is a company that does things right — healthful foods, humane treatment of animals, progressive procedures," said Jon Schallert, a marketing consultant and president of Longmont-based The Schallert Group.

He said Chipotle could suffer an image blow with consumers — albeit a temporary one that won't significantly harm the company that recorded sales last year of \$1.8 billion.

"Any findings of dissonance that cause their brand to change will affect them," Schallert said. "But they're going to get it right. They'll deal with

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this and move on."

of employers all have risen sharply.

Chipotle denies illegal behavior.

"We certainly believe all our policies and procedures have been compliant with the law, and we believe the investigation will show that compliance," Chipotle spokesman Chris Arnold said.

ICE does not comment on specific cases, but Chipotle said ICE investigators last year issued a "notice of inspection" — an action in which the agency checks the documents that job applicants submit to prove they are legal workers.

The target of the investigation was 50 Chipotle restaurants in Minnesota employing about 1,200.

ICE found problems with some documentation and subsequently escalated the inquiry with a "notice of suspect documents," requiring employees to resubmit paperwork.

In the wake of the inspections, 450 workers were either fired or never returned to work after being asked to submit new verification.

In January, ICE launched another notice of inspection for employees at 60 Chipotle restaurants in Virginia and Washington, D.C. About 40 workers subsequently were fired.

Chipotle disclosed last month that the criminal division of the U.S. Attorney's office in Washington, D.C., had begun looking into the case.

The probe widened further last week when federal investigators conducted interviews in 20 to 25 restaurants in cities including Atlanta, Los Angeles and Washington.

Since 2009, ICE has made a concerted shift away from targeting undocumented workers, instead focusing on companies' hiring practices. The number of audits, fines and criminal indictments

ICE in recent months has investigated, fined or filed criminal charges against individuals associated with big names such as McDonald's, Dunkin' Donuts and Abercrombie & Fitch down to dozens of smaller firms including restaurants, bakeries and construction companies.

An ICE official who asked not to be identified because the official is not an authorized spokesperson said criminal investigations can stem from suspicion of employers knowingly hiring illegal workers, to more serious allegations of exploiting workers and helping them procure fraudulent documents.

The official said investigations stem from leads and tips, not from an effort to target high-profile employers.

"The initiation of cases doesn't happen at headquarters or at political-appointee levels. These decisions are made at the field-office level," the official said. "To say we're picking high-profile companies because we want to get better press releases is totally unfounded."

Chipotle's lead attorney on the criminal investigation, Robert Luskin of the firm Patton Boggs, said he has no reason to think Chipotle is

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being singled out.

Luskin acknowledged that the ICE audits found that some workers had submitted fraudulent documents, but he said there is no indication that company officials had a pattern of

knowingly accepting the false documents or supplying them.

The chain employs about 27,000 workers. Because of high turnover — about 100 percent a year — and an aggressive new-store development strategy, Chipotle said it expects to hire 100,000 workers over the next three years.

Chipotle's size makes it an obvious target for ICE scrutiny, said Melissa Hart, an associate professor of law at the University of Colorado.

"It wouldn't surprise me that national companies that are more in the public eye will get more enforcement attention," she said. "Part of effective enforcement is getting people to pay attention to the enforcement actions, and it's easier to make a poster child of a company with a lot of public recognition."

Immigration attorney Jeff Joseph of Denver said, "ICE has been clear that no employer, regardless of size or type, is immune from worksite enforcement investigations or criminal prosecution.

"I would note that there was a high-profile raid of 11 McDonald's restaurants in Nevada back in 2007," Joseph said. "So I don't think that Chipotle is being singled out."

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